

many were compelled to suspend payment. The Crimean War led to speculation in shipping in England and some perturbation in business circles. The anticipation of trouble, however, as the result of the war, made money lenders cautious and prevented serious embarrassment until the summer of 1855. The Bank of England in that year suffered a serious drain of bullion, which carried its supply down from ; £8,169,000 on June 23d to £11,752,300 on October 13th. This drain continued, in spite of advances in the discount rate by successive steps, from three and a half per cent, during the summer to six per cent, on October 18th, and finally to seven per cent, on November 8th. The volume of trade did not seem to yield to the pressure of high rates of interest, and prices continued to climb upward,¹ but the bullion in the bank was kept nearly stationary through the year 1856. The tightness of the money market continued into the summer of 1857, when on August 15th the bullion stood at £10,606,000 and the rate of discount was five and a half per cent.

The situation in the United States was complicated, as it was in France, by the changes in the metallic circulation caused by the great production of gold. Gold took the place of silver as the overvalued metal at the coinage ratio, was invariably chosen by debtors for payments, and silver, having become the dearer metal, disappeared from circulation, in spite of bimetallic enactments, under the relentless operation of Gresham's law. The Secretary of the Treasury attempted in 1853 to relieve the contraction thus caused by paying for silver at the mint in gold, which would be added to the circulation.² The banks, in spite of their rapid increase, were unable to keep pace with the demand for loanable capital which resulted from the fever of speculation.⁸

¹Juglar, 363.

²Kinley, 175.

⁸ The number of banks increased from 715 in 1847 to 1416 in 1857, and the loans and discounts from 1310,282,945 to \$684,456,887. The increase in the note circulation was from \$105,519,766 to \$214,778,822. The circulation fell in 1858 to \$155,208,344 and the specie holdings of